

CENTRAL INTELLIGENCE AGENCY

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SECURITY INFORMATION

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THIS IS UNEVALUATED INFORMATION

1. There was only one inter-satellite Commission for Economic Collaboration in Poland in 1950 which was concerned with Polish-Czechoslovak relations. However, a similar commission for Polish-Hungarian trade was in the process of organization.
2. Trade with the Balkan satellites and Hungary was directed by Pienkowski, chief of the Danubian Department of the Ministry of Foreign Trade. Rozycki, former commercial representative in Budapest, was mainly concerned with buying dollars, which were then easy to obtain in Hungary. Trade with Albania and East Germany had a privileged position on orders issued from Moscow.
3. Collaboration between satellites in matters other than trade, e.g. scientific development, existed only on paper. Polish students were sent to Czechoslovakia, but complained bitterly of their treatment. The thermo-electric power station near Walbrzych (Waldenburg) which supplies Czechoslovakia with electric power for \$1,000,000 per annum, has certain control points on Czech territory. Polish security officials refused to allow Polish officials to cross the frontier to check the equipment, and Czech security officials prohibited the Polish officials from entering Czech territory.
4. Trade with the USSR was mainly directed by Henryk Rozanski, the Polish representative in CMEA (Council for Mutual Economic Assistance). The Commercial Department of the Polish Embassy in Moscow was headed by Koremba, a PZPR member, native of Lesser Poland. Rozanski called on his services at will. The volume of trade between Poland and the USSR increased in a fairly constant curve.
5. The USSR has mainly shown interest in Polish industries concerned with war production. In certain cases, construction plans have been drawn up in the USSR, based on preliminary plans supplied by Poland. The Zeran factory near Warsaw, and the Nowa Huta steel works were erected in accordance with Soviet

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plans and with the assistance of Soviet technical experts. However, most plans are drawn up by Polish state planning organs, and so far, the USSR has not attached a Soviet inspector to the Ministry of Foreign Trade, or to the State Planning Commission.

6. Since 1950, there has been a tendency to reduce the production of consumer goods. This is not only manifested in the quantity but also in the quality of the goods. Costs of production are being reduced but sales prices remain the same. The most striking example is that of woolen goods. Pure (100%) woolen cloth was priced at 450-500 zloty a meter in 1950. The price is still the same, but the "pure wool" content has been reduced to 60 per cent. "Pure wool" includes a proportion of processed waste, imported from the Netherlands, and "Wipolan" synthetic fibers, produced at Widzen (sic.) (originally by the Germans).
7. Characteristic of the internal economic situation is the shortage of spare parts for equipment of Western and Eastern origin. The reason for this shortage of goods of Eastern origin lies in the unwillingness of factories to manufacture them, due to the fact that their production is expressed, in the first instance, in units of goods produced, rather than in their value. Spare parts are only expressed in terms of value, and consequently, are not reflected in the indices of the production plan. This is a universal disease among the satellites. For this reason, people prefer to obtain new equipment rather than repair the old; usually, this is quite impossible. The Czechs were to establish a supply of special spare parts for cars and ZPR<sup>1</sup> imported 25 h.p. tractors in Poland under a special agreement with Motosbyt. This supply never corresponded to the requirements. The same applied to spare parts for coal mining equipment imported from the USSR.

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Comment: This may refer to the State Agricultural Union.

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